2014 North Contact Center Outsourcing Company of the Year Award
Background and Company Performance

Industry Challenges

The contact center services market in North America is dominated by 20 traditional top Tier 1 companies. Frost & Sullivan’s research finds that the following primary challenges for customer care outsourcing firms in this region, for 2014:

- Contain costs and reduce complexity
- Drive out agent efficiencies
- Combat agent attrition and retain top talent
- Deliver high quality live and automated interactions
- Manage an omni-channel environment (social, mobile, email, text, chat, video)
- Address the plethora of security certifications and minimize agent fraud
- Leverage the power of predictive analytics, big data and automation
- Invest in global, state-of-the-art technology platforms
- Maximize upsell and cross-sell activities to expand customer relationships

These are the basic requisites that allow service providers to remain profitable and relevant in this very competitive market. While the demand for outsourced services focuses primarily on inbound customer care, acquisitions, sales and technical support, clients today are looking for a deeper level of engagement with service providers.

Customer care outsourcers are under more pressure than ever to deliver operational excellence and retain customers for clients. These top-tier providers understand the pulse of the market and attempt to stay a step ahead by helping clients gain a winning edge. These outsourcers manage highly complex organizations that face tremendous internal challenges as well – retaining executive leadership; agent hiring and training; performance management; coping with the forces of globalization; forecasting and scheduling; foreign currency fluctuations; career development; innovation and continuous improvement; disaster recovery; cloud technology choices; government regulations; social media management; voice of the customer (VOC) feedback; and creating value – added solutions that will benefit clients and shareholders.

In the midst of these challenges, consumer buying habits are changing, and customer care providers must continually re-examine operational processes and resource allocations. This movement into new realms of specialized expertise signals opportunities for technology investments that could translate into enhanced value proposition for clients and consumers. In essence, technology-enabled platforms will be key to meeting the complex communication needs of today’s consumer.
Visionary Innovation & Performance and Customer Impact for TELEPERFORMANCE

Teleperformance Company Overview

Teleperformance (TP) is a provider of outsourced multichannel Customer Experience Management services. The Group delivers solutions to corporations and administrative bodies in customer care, technical support, debt collection, and business, information, and marketing. In North America, it competes against other Tier 1 giants in the industry including Convergys, EGS, Sitel, Sykes, Sutherland, Teletech, West and Xerox. Teleperformance posted global revenues of $3.23 B in 2013. The English-speaking region generated 39% of those revenues.

With more than 36 years of experience in the market, the Group has grown its operations to more than 135,000 computerized workstations, with 175,000 employees across more than 270 contact centers in 62 countries - serving 150 markets. It manages client programs in more than 63 languages and dialects on behalf of major international companies. The Group now operates in the following three major geographic regions:

1. The English-speaking and Asia-Pacific region (EWAP), which includes: Great Britain, USA, Canada, China, Korea, Indonesia, the Philippines, Singapore, South Africa and Vietnam.

2. The Iberian-LATAM region, which includes Argentina, Brazil, Chile, Colombia, Costa Rica, El Salvador, Mexico, Spain and Portugal.

3. The Continental Europe & MEA, which includes all countries in the EMEA region (Europe, Middle East & Africa), except Great Britain, South Africa, Spain and Portugal.

Teleperformance supports a wide variety of industries including automotive and transportation, broadband and DSL, energy and utilities, financial services, government, healthcare, insurance, manufacturing, media, pharmaceuticals, retail, technology, telecommunications and travel and hospitality.

Teleperformance offers a comprehensive, broad range of contact center solutions:

Contact Center Services
- Customer Care
- Technical Support
- Sales and Acquisitions
- Loyalty and Retention
- Pro-Active Outreach
Delivery Models
- Voice, Email, Chat, text (SMS), Fax, White Mail, Fulfillment
- Facilities – based and Work-at-Home (WAHA)
- Interactive: Full IVR Automation and Hybrid
- Domestic (US), Near shore, Off shore, and Global Solutions

Business Process Outsourcing
- Data Entry
- Professional Services (New)
- Fulfillment
- Scanning

Accounts Receivable Management (ARM) Services
- Pre-collections through tertiary and later stage collections
- Government, Financial, and Enterprise Verticals

Criterion 1: Addressing Unmet Needs
A Robust, Industry-leading Security Practice

Given the plethora of data breaches in 2014 alone, it’s well known that customer data represents a tempting target for thieves. Today’s customers are more concerned than ever about how companies use their data and track their activities online. Agent fraud, within captive or outsourced contact centers, also represents a significant threat.

The Teleperformance security organization operates autonomously from the IT division. Lyle Hardy (CIO) and Bruce Wignall (CISO) lead this important team. The practice has over seventy-five security analysts that are CISSP certified - ensuring that they are information security experts. Team members are distributed across the three major geographic regions, globally. Competing service providers, generally, do not have a separate security practice and do not employ this large number of certified security personnel.

The Teleperformance Fraud Risk Assessment (FRA) is an integral part of a four-phase client security enhancement program. The assessment relies on knowledge of fraud trends, common and known security gaps in client applications. Teleperformance maintains a current database of the ways an agent could circumvent controls within an application or process. The FRA typically uncovers security weaknesses and vulnerabilities that the client base never knew existed. Addressing this kind of unmet need is what sets Teleperformance apart from its competitors.

Teleperformance responds to clients’ individual security requirements by assigning a certified Security Analyst (SA) to each client account. Unique within the industry, the Teleperformance SA is responsible for identifying resources, tools and processes to enforce and manage client security rules. In addition, Teleperformance also offers security Service Level Agreements (SLA’s) to its customers. Frost & Sullivan believes that these dual security
enhancements serve as distinct world-class competitive advantages that cannot be duplicated by rivals in the market.

To counteract severe corporate travel restrictions on companies and clients that have contact center sites, particularly in Latin America, Teleperformance has built a unique and secure environment in the U.S. where clients and prospects can safely perform 2 functions:

1. Conduct an extensive, real-time virtual tour in high definition (HD) video, of multiple sites prior to a physical visit.
2. Perform Quarterly Business Reviews (QBR) from a protected virtual location in North America.

Teleperformance dubs this ground-breaking solution the Virtual Briefing Center (VBC). It is a model of secure network connectivity. Using HD cameras and video conferencing, it offers clients access to an enhanced feature set within TP Observer - the company’s proprietary agent optimization toolkit. Deployment and operation of the VBC represents another example of how Teleperformance uncovers unmet and under-served client needs, and creates solutions to address them effectively.

**Criterion2: Implementation of Best Practices**

It is worth noting that each outsourcing company deemed eligible for this special Company of the Year Award maintains an international footprint that spans not only North America, but also EMEA, Asia Pacific and Latin America. These providers have a strong global sales and marketing strategy, with direct sales distribution in each region. Leveraging best practices in the company that extends to all global operating units is a major metric that Frost & Sullivan utilizes in this selection process. This consideration is coupled with examining solid partnerships in order to offer clients leading technological solutions and full integration with existing applications.

*Multilingual Customer Experience Management Lab*

The Customer Experience Lab has the capability to serve 40 countries in 24 languages across all channels of interaction. It is the latest advancement from Teleperformance’s Customer Experience Management philosophy, which is dedicated to the European market using fully integrated voice and non-voice technology through redundant data centers, with common processes, systems and management controls. This is in addition to multilingual hubs that TP developed in Athens, Greece; Cairo, Egypt; Istanbul, Turkey; and Maastricht, the Netherlands. Best Practices examples of the work produced by the Lab include:

- 2013: In-depth analysis of how the customer experience is managed in the healthcare industry in Brazil, USA and Mexico
- 2014: Analysis of online purchases and mapping of the entire customer journey in e-retail industry in France, Germany, UK, Brazil and the USA
Innovation Council

Teleperformance has developed what it terms its “Innovation Council”, a group of company leaders that includes the CEO. Research & Development (R&D) is based out of six countries – the United States, Portugal, Brazil, Argentina, France, and India. Some fifty employees are dedicated to global R&D across product, services, and vertical forums. The team focuses on the following themes and shares Best Practices across all 3 global regions:

- Future market trends
- Changing customer demands
- Channel adoption
- New product development (technology for contact centers, etc.)
- Business Intelligence (monitoring markets, feeding global BD)
- Strategic sales support

Industry Leading Technology Partners

Teleperformance has partnerships with the leading technology companies in the industry. This includes Cisco, RSA, Computer Associates, and Microsoft to name a few. For its ISO, PCI and HIPAA audits, the company utilizes ScanAlert, BT, and Tevora Business Solutions. These solid technology partnerships offer clients leading-edge technological solutions and full integration with existing applications. Teleperformance continues to maintain ISO 2700x, PCI, HIPAA, Safe Harbor, and compliance with the European Union Privacy Act.

World-class Contact Center Applications

The company’s daily performance management process, called Teleperformance Operational Processes & Standards (TOPS), is a step-by-step methodical structured based on the Best Practices of programs across the globe. Teleperformance utilizes a state-of-the-art suite of IT systems, contact center applications and advanced agent monitoring tools. They are designed to facilitate and enhance the interactions between agents and customers. Clients and prospects can access and utilize the following Teleperformance proprietary systems in real-time:

- TP CCMS
- TP Observer
- TP Client
- TP Reports
- TP Passport
- TP Desktop
- Baseline Enterprise Standards of Teleperformance (BEST)

Teleperformance’s structured processes to define, share and ensure the implementation of world-wide best practices, assures consistency and quality in all global operations.
Criterion 3: Blue Ocean Strategy

M&A Strategy: Expanding the Global Footprint and Vertical Expertise

In July 2014, Teleperformance announced that it had entered into a definitive agreement to acquire Aegis USA Inc., an outsourcing and technology company with delivery sites in the United States, the Philippines, and Costa Rica. This will add a significant amount of additional capacity for U.S. English call volumes in 2015. It will most certainly boost U.S. market share for Teleperformance in the next 3 years, specifically in the healthcare, financial services, travel, and hospitality verticals.

Mexico and Guyana: New Site Deployments for the North American Market

Early in 2014, Teleperformance invested US$6M to open a new site in Puebla Mexico. It is the 18th contact center that is operated by TP in Mexico and has been named “Talavera” by the agents and management employees. Housed within a modern office building, Talavera’s interior is sleek and attractive. In keeping with Teleperformance’s global design standards, there is an excellent balance between form and function. With capacity for over 1,000 contact center jobs, Puebla adds to Mexico’s great combination of English/Spanish language skills, technical knowledge and education for the U.S. market. As a first mover, Teleperformance is the only service provider, to date, to stand up a call center in Puebla. In addition, Teleperformance’s Mexico City site was recently upgraded to 8 floors. This added capacity will bode well for higher anticipated English and Spanish language North American Call volumes.

In September, 2014 Teleperformance christened a brand new call center in Guyana. The Company has built a 48,000 state-of-the-art, 6 story facility. There is capacity for 800 production seats. Pricing is competitive with offshore locations in the Philippines and is the only English-Speaking country in South America. Frost & Sullivan has called it, “…the best-kept secret for native English [outsourced services] in Central/Latin America.”

New Professional Services Division

In 2014 Teleperformance launched a new Professional Services consultancy. The service is designed to provide deep study of a client’s situation and apply analysis toward identifying root causes and successful solutions. The Professional Services team provides clients with deeper, transformative services across a wide array of topics, that could include:

- Customer Experience
- Contact Center Effectiveness
- Business Process Improvement
- Project Management
- Analytics
- Training
Each professional services engagement is customized to the specific requirements inherent in each client portfolio and most importantly, represents a new revenue stream for Teleperformance.

**Criterion 4: Financial Performance**

Teleperformance’s shares are traded on the Euronext Paris market, Compartment A, and are eligible for the deferred settlement service. They are also included in the indices, such as SBF 120, STOXX 600, and France CAC Mid & Small.

**2013 Results**

2013 was a record year for Teleperformance as the company demonstrated solid financial performance for the English-speaking market in 2013. As seen in Exhibit 1.0, The Group reported that organic growth in revenue was +8.1%. Reported growth was +4.0% over the year.

<table>
<thead>
<tr>
<th>Euros in Millions</th>
<th>% Change</th>
<th>2013</th>
<th>2012</th>
<th>Reported</th>
<th>Like-for-like</th>
</tr>
</thead>
<tbody>
<tr>
<td>English Speaking Market &amp; APAC</td>
<td>946.5</td>
<td>910.4</td>
<td>+ 4%</td>
<td>+ 8%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Teleperformance Consolidated Statements and Frost & Sullivan analysis

In North America, growth was robust throughout 2013 and particularly in the fourth quarter. Teleperformance reports that revenue surged + 9.2% based on the ramp-up of new contracts in new business sectors (healthcare and insurance). This growth was significant, as Frost and Sullivan projected the North America market to grow in 2013 at only 3.8%.

**2014 Q1 – Q 3 Readout and Outlook for 2015**

For the first three quarters of 2014, Teleperformance reported another period of excellent growth and outstanding financial performance. This regional market continues to enjoy strong momentum, particularly in the United States, where the Group saw solid growth in business with its existing clients in the Internet and consumer electronics sectors, and the ramp-up of numerous contracts with new customers in a variety of industries including financial services, health, online travel agencies and specialty retail. As shown in Exhibit 1.1 below, like-for-like growth in the English-speaking market & Asia-Pacific region was + 14.8% in the third quarter and + 14.1% over the first nine months of the year (Q1 to Q3).
Exhibit 1.1
2014 vs. 2013 Revenue for EWAP Market

<table>
<thead>
<tr>
<th>Euros Millions</th>
<th>2014</th>
<th>2013</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>English Speaking Market &amp; APAC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First Quarter 2014</td>
<td>245.1</td>
<td>230.6</td>
<td>+6.3%</td>
</tr>
<tr>
<td>Second Quarter 2014</td>
<td>249.5</td>
<td>224.2</td>
<td>+11.3%</td>
</tr>
<tr>
<td>Third Quarter 2014</td>
<td>319.5</td>
<td>233.3</td>
<td>+37%</td>
</tr>
<tr>
<td>Q1 to Q3 2014</td>
<td>814.1</td>
<td>688.1</td>
<td>+18.3%</td>
</tr>
</tbody>
</table>

Source: Teleperformance Consolidated Statements and Frost & Sullivan analysis

The acquisition in August 2014 of Aegis USA, allowed Teleperformance to strengthen its worldwide contact center outsourcing leadership. This excellent performance was led by the robust growth in its operations in the United States, in particular, and in new business sectors. This kind of growth far outpaced the market, as Frost and Sullivan projected the North America market to grow in 2014 at only 4.1%. The outlook for growth in 2015 is very positive. Frost & Sullivan expects that current ongoing efforts to expand the business – particularly in the US and Asia – as well as the completion of the Aegis USA integration expected early next year, should help Teleperformance deliver above-market revenue growth once again in 2015.

Criterion 5: Customer Service Experience

Extensive Choice of Nearshore Destinations for North American Clients

The company enjoys a leading edge over competitors in having identified that nearshore sites offer many of the same advantages as domestic locations. This includes cultural affinity and the ready availability of an educated talent pool with high English proficiency. As shown in Exhibit 1.2, Teleperformance has the most extensive choice of site locations for nearshore agent sourcing among competing NA outsourcing providers:
Exhibit 1.2
Teleperformance Nearshore Locations

<table>
<thead>
<tr>
<th>LOCATIONS</th>
<th>WORKSTATIONS</th>
<th>EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>MEXICO</td>
<td>12,741</td>
<td>14,849</td>
</tr>
<tr>
<td>Monterrey (5 sites)</td>
<td>4,598</td>
<td>5,503</td>
</tr>
<tr>
<td>Aguascalientes (2 sites)</td>
<td>536</td>
<td>579</td>
</tr>
<tr>
<td>Hermosillo</td>
<td>635</td>
<td>688</td>
</tr>
<tr>
<td>Guadalajara (2 sites)</td>
<td>2,307</td>
<td>2,734</td>
</tr>
<tr>
<td>Chihuahua</td>
<td>976</td>
<td>1,101</td>
</tr>
<tr>
<td>Mexico City (4 sites)</td>
<td>1,772</td>
<td>3,108</td>
</tr>
<tr>
<td>Durango</td>
<td>1,167</td>
<td>1,136</td>
</tr>
<tr>
<td>Puebla</td>
<td>750</td>
<td>Q2 2013</td>
</tr>
<tr>
<td>COLOMBIA</td>
<td>6,987</td>
<td>8,611</td>
</tr>
<tr>
<td>Bogota and Medellin (9 sites)</td>
<td>6,987</td>
<td>8,611</td>
</tr>
<tr>
<td>COSTA RICA</td>
<td>543</td>
<td>977</td>
</tr>
<tr>
<td>San Jose (2 sites)</td>
<td>543</td>
<td>977</td>
</tr>
<tr>
<td>EL SALVADOR</td>
<td>1,974</td>
<td>2,121</td>
</tr>
<tr>
<td>San Salvador (3 sites)</td>
<td>1,974</td>
<td>2,121</td>
</tr>
<tr>
<td>DOMINICAN REPUBLIC</td>
<td>800</td>
<td>300</td>
</tr>
<tr>
<td>Santo Domingo</td>
<td>800</td>
<td>300</td>
</tr>
<tr>
<td>TOTAL</td>
<td>22,502</td>
<td>26,858</td>
</tr>
</tbody>
</table>

Source: Teleperformance and Frost & Sullivan analysis

**Note: TP Guyana Site may be fully operational and is not listed here

In 2014 Latin America has become a very viable option for near shoring capabilities, especially for U.S. companies that are looking to diversify their global customer care footprint. In addition, a host of key market participants have recognized client plans to accelerate sales and marketing activities in the burgeoning U.S. Hispanic market and have strategically established a contact center presence, with a service provider, to support both English and Spanish language calls.

Focus on the Future: Technology-enabled Customer Services Portfolio

Teleperformance understands that technology is empowering consumers to communicate with enterprises in new ways, fundamentally changing the dynamic between buyer and seller, as consumers gain influence at a quickening pace. With its focus clearly on future consumer trends and buying behaviors, the company’s technology-enabled portfolio offers
clients a bevy of new and enhanced customer service solutions for 2014. A partial list includes:

- Teleperformance Platinum
- Teleperformance e-Performance
- Teleperformance Analytics
- Teleperformance Chat & Email Solutions
- Teleperformance Interactive
- Teleperformance Homebase
- Teleperformance Mobility Solutions (Video and Kiosk)
- Teleperformance Non-BPO Interaction
- Teleperformance Contact Center On Demand (CCOD)
- Teleperformance Best Location

These customer experience solutions provide the means by which Teleperformance clients can differentiate themselves across both emerging and traditional channels and through all customer touch points and interactions.

**Criterion 6: Brand Equity**

*High Brand Loyalty and Client Customer Satisfaction*

Teleperformance boasts a bevy of marquee clients that are the bedrock of a strong, long-standing and loyal client base. The top 20 clients represent 50% of sales. As noted earlier, Teleperformance serves a wide diversity of industries. The average seniority of client relationships is 12 years. This includes brands like Comcast, Medtronic, Hawaiian Airlines, Sprint and Toshiba.

*True Partnership Defined: Shared Vision*

Teleperformance leadership recognizes that premium brands, in particular, want to be able to sculpt and shape the customer experience. They also wish to be seen as leaders in their local communities. This requires a shared vision and a good cultural fit between outsourcing vendor and client. It engenders a high level of trust, a synergistic relationship and a great deal of transparency. To this end, Teleperformance has had its three social responsibility programs at the core its cultural DNA; Citizen of the World (COTW), Citizen of the Planet (COTP) and The Global Compact. Teleperformance helps and support the communities in which it operates and also provides disaster relief aid around the world in times of emergency. The company strives to make a positive difference in people’s lives and make the world a better place through these three distinct programs.

Employee teams come together to aid those in need in its communities through direct involvement in charitable activities. The company also assumes responsibility for protecting nature and lessening its impact on the environment with COTP actions which are focused on carbon footprint reductions. More than 1,500 + global and local COTW & COTP campaigns were conducted in 2014.
Frost & Sullivan research shows that clients, more than any other time, are looking for enduring partnerships with their outsourcing providers. Frost & Sullivan believes that Teleperformance has done an excellent job in 2014 in building lasting relationships with clients that accelerates the growth of their companies and the strength of their brands, while ensuring that commerce and technology advance to benefit economies worldwide.

Conclusion

Teleperformance’s experience, global reach, and awareness of a rapidly changing world and consumer allow it to deliver customer-centric solutions and tangible results for clients. In fact, Teleperformance not only excels at managing its 151,000 employees, it also has developed innovative tools, processes, and products that enable it to provide highly customized, secure, and effective solutions to clients all across North America. Its focus on high quality customer care services backed by technology expertise, places the company at the top of service providers in North America.

It is for these reasons that Frost & Sullivan is proud to present the 2014 North American Company of the Year Award for Customer Contact Outsourcing to Teleperformance.